

JAN 18 2006

FEDERAL ELECTION
COMMISSION
SECRETARIAT

FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

2006 JAN 19 A 9:17

FIRST GENERAL COUNSEL'S REPORT

SENSITIVE

MUR: 5677

DATE COMPLAINT FILED: August 16, 2005

DATE OF NOTIFICATION: August 22, 2005

LAST RESPONSE RECEIVED: September 7, 2005

DATE ACTIVATED: November 7, 2005

EXPIRATION OF SOL: January 1, 2005-December
31, 2006¹

COMPLAINANT:

Citizens for Responsibility and Ethics
in Washington

RESPONDENTS:

Hastert for Congress Committee
Dallas Ingemunson, in her official capacity as
Treasurer

RELEVANT STATUTES:

2 U.S.C. § 441e
11 C.F.R. § 103.3(b)
11 C.F.R. § 104.3(a)(4)(i)
11 C.F.R. § 110.9
11 C.F.R. § 110.20

INTERNAL REPORTS CHECKED:

Disclosure Reports

FEDERAL AGENCIES CHECKED:

None

¹ The alleged violations occurred throughout 2000 and 2001, and, thus, there is a rolling statute of limitations for this matter.

I. INTRODUCTION

This matter arises from a complaint filed by Citizens for Responsibility and Ethics in Washington ("CREW"). The complaint alleges that the campaign committee for Speaker of the House Dennis Hastert, Hastert for Congress Committee ("HFCC"), accepted contributions from foreign nationals in 2000 and 2001. The basis for the allegation is a magazine article, the focus of which was to expose alleged retaliation by the FBI against an FBI translator-turned-whistleblower. One of the allegations made by the whistleblower referred to a series of wiretap recordings in which foreign nationals allegedly claimed to have made unitemized campaign contributions to HFCC between 1996 and 2002. HFCC responded by affidavit that it never knowingly accepted contributions from foreign nationals and attached a list of all unitemized contributors from 1996 to 2002, none of which appear to be of questionable origin. As more fully set forth below, this Office recommends that the Commission find no reason to believe that HFCC and Dallas Ingemunson, in her official capacity as Treasurer, violated the Act.

II. FACTUAL SUMMARY

In its September 2005 issue, Vanity Fair published an article titled "An Inconvenient Patriot." The article tells the story of Sibel Edwards, a Turkish contract translator for the FBI whose contract was terminated in March 2002 after she accused a colleague of covering up illicit activity involving Turkish nationals. In the 100-paragraph article, five paragraphs discuss Speaker Hastert and HFCC.

According to the article, Ms. Edmonds and her colleague translated recordings of FBI wiretaps on Turkish nationals. Prior to being fired, Ms. Edmonds reportedly reviewed several tapes that her colleague was responsible for translating. Those tapes allegedly contained recordings of Turkish nationals discussing how they had "arranged for tens of thousands of

26044132637

1 dollars to be paid to Speaker Hastert's campaign in small checks."² Complaint, Exhibit A at 9.

2 The article stated that between April 1996 and December 2002, HFCC reported \$483,000 in
3 unitemized contributions. The brief section of the article regarding Speaker Hastert concludes
4 with a denial by both the Speaker and HFCC and notes that "there is no evidence that any
5 payment was ever made to Hastert or his campaign." Complaint, Exhibit A at 9.

6 HFCC denies it received contributions from foreign nationals. To refute the allegations
7 in the complaint, HFCC provided a detailed affidavit from its assistant treasurer, which included
8 a 159-page attachment listing the names and addresses of all individuals who contributed less
9 than \$200 between 1996 and 2002. In her affidavit, the assistant treasurer attested that these
10 records account for 100% of the unitemized contributors to HFCC during the six year time
11 period. She further stated that, to her knowledge, HFCC "never solicited, accepted or received
12 funds from a contributor or donor using a foreign passport . . . , providing a foreign address . . . ,
13 using a check or other written instrument drawn on a foreign bank or a wire transfer from a
14 foreign bank . . . , [or] where the bank identification or the account ownership information
15 imprinted on the contribution check indicates a foreign address." Response, Affidavit of Lisa
16 Post at 2. Furthermore, she stated that the practice of HFCC was always to return contributions
17 made by foreign nationals, including those contributions received from contributors with foreign
18 addresses. The attached contributor records contain no foreign addresses and corroborate her
19 affidavit. The assistant treasurer also stated that over 90% of the unitemized contributions came

² The article indicates that the ultimate source of this information is Ms. Edmonds' classified testimony given to, among others, the Department of Justice's Office of Inspector General ("OIG"). Although the author of the article does not reveal how he obtained her testimony, he cites an anonymous source purportedly familiar with the testimony. However, the OIG's redacted official report does not mention Speaker Hastert.
<http://www.usdoj.gov/oig/special/0501/final.pdf>.

26044132638

1 from residents of Illinois and that 70% of the contributions came from annual low ticket price
2 events (between \$25.00 and \$150.00) held in Speaker Hastert's District.

3 **III. LEGAL ANALYSIS**

4 The complaint alleges HFCC violated the Act by accepting contributions from foreign
5 nationals. Political committees are prohibited from knowingly accepting contributions from
6 foreign nationals. 2 U.S.C. § 441e; 11 C.F.R. §§ 103.3(b), 110.9, 110.20.³ A committee is
7 deemed to have knowingly accepted a contribution if the contributor uses a foreign address,
8 foreign passport, foreign bank account, or foreign negotiable instrument, or if the contributor
9 resides abroad. 11 C.F.R. § 110.20(a)(5). Committees are required to report all contributions
10 made by a person that, in aggregate, exceed \$200 for the calendar year or election cycle. 11
11 C.F.R. § 104.3(a)(4)(i).

12 The complaint is based solely on the Vanity Fair article,⁴ but the article does not provide
13 sufficient information to support a reason to believe finding that HFCC violated the Act by
14 knowingly accepting contributions from foreign nationals. In addition to questions about the
15 reliability of the information in the article – the article states that an unnamed source told the
16 author that Ms. Edmonds heard a conversation in a foreign language implicating HFCC – the
17 article itself notes that “there is no evidence that any payment was ever made to Hastert or his
18 campaign.” Complaint, Exhibit A at 9.

³ 11 C.F.R. § 110.20 was promulgated in 2002, after the alleged contributions occurred. 67 Fed. Reg. 69928. However, the regulation it replaced, 11 C.F.R. § 110.4(a), also prohibited contributions by foreign nationals. *See id.* at 69935. Although the previous regulation did not give examples of “pertinent facts” that put a committee on notice of a foreign national contributor, at least one Advisory Opinion provided guidance consistent with the new regulation. *See* Advisory Opinion 1998-14 (Douglass for U.S. Senate).

⁴ The complaint attaches disclosure reports from 2000 and 2001 purporting to show a disproportionately high amount of unitemized contributions.

26044132639

1 More importantly, a detailed sworn affidavit from the assistant treasurer of HFCC
2 specifically rebuts the speculative allegations in the complaint. The assistant treasurer attests
3 that, to her knowledge, HFCC has never accepted a contribution from a foreign national,
4 describing the practice of HFCC to examine whether funds received are from a contributor using
5 a foreign passport, foreign address, or a check or other written instrument drawn on a foreign
6 bank or a wire transfer from a foreign bank. Further, the assistant treasurer attests that she has
7 reviewed the approximately \$483,000 received by the committee in unitemized contributions
8 between April 1996 and December 2002 and found none of questionable origin or legality.

9 The 159-page contributor list covering all unitemized contributions for the entire six year
10 period in question appears to support the assistant treasurer's assertion. The list contains no
11 foreign addresses, and we have been unable to discern from our own review of the attachment
12 any pattern of contributions that raises any questions of illegality. Although the attachment does
13 not include passport or bank account information for the contributors, we have no other
14 information suggesting that any of HFCC's unitemized contributions were of suspicious origin.

15 Thus, because there is an insufficient factual basis to suggest a violation occurred, this
16 Office recommends finding no reason to believe HFCC and Dallas Ingemunson, in her official
17 capacity as Treasurer, violated 2 U.S.C. § 441e and 11 C.F.R. §§ 103.3, 110.9, and 110.20(g).

18 **IV. RECOMMENDATIONS**

- 19 1. Find no reason to believe Hastert for Congress Committee and Dallas Ingemunson, in
20 her official capacity as Treasurer, violated 2 U.S.C. § 441e and 11 C.F.R. §§ 103.3,
21 110.9, and 110.20(g);
- 22 2. Approve the appropriate letters;

23

26044132640

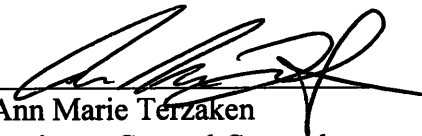
3. Close the file.


Lawrence H. Norton
General Counsel

Lawrence L. Calvert
Deputy Associate General Counsel for
Enforcement

1/18/06
Date

By:


Ann Marie Terzaken
Assistant General Counsel


Zachary H. Mahshie
Attorney

26044132641